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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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CONTENTS

SUMMARY

Prices received by farmers declined moderately in May for the third consecutive month and now average 3 percent below the February peak. Both crop and livestock prices were lower with most of the decline occurring in prices of meat animals, strawberries, cotton, milk, wool and wheat. Prices paid by farmers were off slightly from mid-April but the parity ratio continued to decline, dropping from 113 in February to 108 in May.

General business activity continues high and is supporting a strong demand for farm products and other goods and services. Employment and income payments are at or near record levels. Personal income continued to rise in March with expansion in salary and wage receipts accounting for almost all of the increase. The general level of wholesale prices remains steady around the high reached in early February when ceiling prices became effective.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950 Year	1950 Apr.	1951 Jan.	1951 Feb.	1951 Mar.	1951 Apr.
Industrial production 1/							
Total	1935-39=100	200	190	221	221	222	222
All manufactures	do.	209	199	231	232	234	233
Durable goods	do.	237	222	268	271	277	275
Nondurable goods	do.	187	180	201	200	199	199
Minerals	do.	148	140	164	158	158	164
Construction activity 1/							
Contracts, total	1935-39=100	514	495	580	563	530	573
Contracts, residential	do.	748	730	765	762	716	679
Wholesale prices 2/							
All commodities	1926=100	162	153	180	184	184	184
All commodities except farm and food	do.	153	146	170	172	172	172
Farm products	do.	170	159	194	203	204	203
Food	do.	166	155	182	188	187	186
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	256	241	300	313	311	309
Prices paid, interest, taxes and wage rates	do.	255	250	272	276	280	283
Parity ratio	do.	100	96	110	113	111	109
Consumers' price 2/ 4/							
Total	1935-39=100	172	168	182	184	184	185
Food	do.	204	197	222	226	226	226
Nonfood	do.	r 154	152	160	162	163	163
Income							
Nonagricultural payments 5/	Bil. dol.	205.6	198.7	220.9	222.4	223.8	
Income of industrial workers 3/	1935-39=100	369	340	416	419	424	
Production worker pay rolls 2/	do.	396	359	451	451	462	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	59.23	56.93	63.71	63.76	64.33	64.22
Durable goods	do.	63.19	61.01	67.77	68.10	69.01	68.89
Nondurable goods	do.	54.66	52.17	58.68	58.32	58.40	58.01
Employment							
Total civilian 6/	Millions	60.0	58.7	59.0	58.9	60.2	60.0
Nonagricultural 6/	do.	52.4	51.5	53.0	53.0	53.8	53.4
Agricultural 6/	do.	7.5	7.2	6.0	5.9	6.4	6.6
Government finance (Federal) 7/							
Income, cash operating	Mil. dol.	3,538	1,683	4,696	4,877		
Outgo, cash operating	do.	3,497	3,344	3,438	3,522		
Net cash operating income or outgo	do.	+ 40	-1,661	+1,259	+1,356		

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation. Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture Bureau of Agricultural Economics, to convert prices received and prices paid, interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1950 are on average monthly basis.
r = revised.

Industrial production has been steady for the past 4 months with expanding output for military use about offsetting a decline in output of some civilian goods. April output of munitions, producers equipment, and aircraft continued to rise while production of some consumer goods declined further. Order backlogs for manufacturers continued to grow in March reflecting for the most part an increase in the placing of defense orders. Outlays on new construction rose about 11 percent from March to April and were nearly one-fifth above last year. Expenditures on new private industrial plants and public outlays for industrial plants and military facilities made up most of the increase. Outlays on private residential construction though rising in April were only 3 percent above April 1950. The small gain from a year ago reflected higher construction costs since physical volume of activity was below last year. Reflecting the effect of credit regulations, new housing starts declined contraseasonally in April to 88,000 units, 5 percent below March and 34 percent below April 1950.

The downtrend in retail sales from the January peak continued in April, although sales at apparel and department stores picked up somewhat after declining each month since last January. Retailers stocks of durable goods continue high. Output of durable consumers goods over the next few months will depend increasingly upon progress in defense production and allocations of critical materials for civilian use.

Commodity highlights

During the remainder of 1951 meat production is expected to be moderately larger than in the same period in 1950. Most of the rise will be in pork. Prices farmers will receive for milk and butterfat in 1951 will average well above 1950 but lower than in 1948. The seasonal reduction in egg supplies this fall may be greater than usual and supplies available for consumption probably will be below those of a year earlier. Supplies of edible vegetable oils during the rest of the 1950-51 marketing year may be about the same as a year earlier. In May, prices of soybean and cottonseed oils dropped below their ceilings for the first time since specific ceilings were placed on them. With more livestock on farms and livestock product prices substantially higher than in 1950, the underlying demand for feed continues strong. The seasonal decline in average prices of wheat to a new crop basis this year will be checked by a reduced early movement of winter wheat and by purchase for export after the new International Agreement Program is announced in June. Grower prices for most fruits in June probably will average somewhat lower than a year earlier. In June and July, prices received by farmers for commercial truck crops sold fresh are expected to fall somewhat more rapidly than usual. Prices received by farmers for 1951 crop potatoes sold during June and July are expected to average considerably higher than last year. Mill consumption of cotton is expected to continue high through the rest of the season.

OUTPUT AND EMPLOYMENT

Industrial production in April was at the March level. Durable goods output declined slightly; nondurable goods production was unchanged

and output of minerals increased. The Federal Reserve Board's index of industrial production, seasonally adjusted, was 222 (1935-39=100) in April, 17 percent above April a year earlier. Since January, the index has been virtually stable, although offsetting changes have occurred among the major industry subgroups. Early indications for May point to a level of activity at factories and mines about the same as in the preceding four months. The rate of operations in the steel industry in early May was slightly above the average for the previous month. Motor vehicle output remained at about the March level.

The seasonally adjusted index of durable goods output declined to 275 (1935-39=100) in April, slightly less than 1 percent below March but 24 percent above April 1950. Steel output during the month was at new record levels, with operations averaging about 103 percent of capacity compared with 102.2 percent in March. Output of motor vehicles declined 15 percent from the high rate of the previous month, while production of munitions, producers' equipment and aircraft continued to show an expansion. Production of consumers' durable goods was down slightly during the month because of material shortages and some slackening in demand.

Nondurable goods production in April was unchanged from the previous month. The index of nondurable goods output, at 199, was 11 percent above April 1950. Production of alcoholic beverages and petroleum and coal products was off rather sharply from March, but this was largely offset by increases in output of tobacco products, food, paper products, and chemicals. Activity in other major nondurable industry groups showed very little change from the preceding month.

Production of minerals expanded from March levels as crude petroleum output reached a new high. Coal production was also higher, rising above the relatively low levels of the preceding two months. The index of minerals output, at 164, was 4 percent above March, and 17 percent above April 1950.

Outlays on new construction in April rose to an estimated 2.4 billion dollars, 11 percent above March and 18 percent above April a year ago. During the first four months of this year the total value of new construction was almost 8-1/2 billion dollars, or 20 percent larger than in the same period last year.

Private construction expenditures, at 1.7 billion dollars, were up 7 percent from March and 14 percent from April 1950. Outlays on private residential construction registered a smaller-than-seasonal rise of 7 percent from the previous month and were 3 percent above April 1950. The small rise from a year ago reflected higher construction costs, the physical volume of activity being below the record volume of last year.

New housing starts in April declined contraseasonally to 88,000 units, 5 percent below March, 34 percent below April 1950, and the lowest

number of April starts in the last four years. The March-April drop principally reflected the effect of credit regulations. The entire decline occurred in metropolitan areas, where liberal mortgage financing terms have been most easily obtained and, as a result, where the rise in down payment requirements is having the most pronounced effect. During the first four months of this year about 346,900 units were started. This was 15 percent below the record volume in the same period last year.

The value of work done on new private industrial plants continued to rise in April and was double that of a year earlier.

Public outlays on new construction in April were up 22 percent from March and 31 percent from a year ago. Expansion in industrial and military facilities continued with outlays increasing 19 and 24 percent, respectively, over March. Public outlays on industrial construction were almost 4 times those of April last year; those on military and naval facilities, more than 5 times those of a year earlier.

Total book value of business inventories at the end of March was 66.2 billion dollars, after allowance for seasonal variation. This was 1.7 billion above February and 14 billion above March 1950. Manufacturers' inventories rose 900 million dollars from February, while retailers and wholesalers increased their stocks by 600 million and 200 million dollars, respectively.

About two-thirds of the rise in the seasonally adjusted value of manufacturer's stocks occurred in nondurable goods industries. In the first quarter of this year inventories held by nondurable goods manufacturers were about 1-1/2 times average monthly shipments, somewhat less than in the fourth quarter of 1950 and about the same as in late 1948--the previous postwar peak of inventory accumulation. For some of the soft goods industries, namely, textiles, apparel and leather--inventories were higher relative to sales than in previous periods. About a third of the March increase in stocks for the nondurable goods group was accounted for by these industries.

Durable goods producer's stocks during the first quarter of 1951 moved up fractionally relative to sales. But they were still well below the ratio at the height of the 1948 buildup. In recent months, most of the inventory building has occurred in metal-fabricating industries. Two industries in that group--general machinery and transportation equipment other than motor vehicles--accounted for all of the 300 million dollar March rise in the value of durable goods stocks. March inventories in the metal producing industries were virtually unchanged from February.

The rise in the value of retailers' stocks from February brought the total to an estimated 18.4 billion dollars, 4.2 billion above a year earlier. Seasonally adjusted inventories of durable goods stores accounted for the entire March rise with the automotive and hardware and building materials groups registering increases of 300 million and 200 million, respectively. Inventories of housefurnishings and electrical appliance stores were up

about 100 million dollars. The value of stocks held by nondurable goods stores was unchanged from February, on a seasonally adjusted basis. A slight decline in inventories of apparel stores and an offsetting rise at general merchandise stores were the only significant changes among the nondurable groups.

Order backlogs of manufacturers continued to grow in March as shipments failed to keep pace with new orders. New orders placed with manufacturers in March were estimated at 29.2 billion dollars, or 4.8 billion greater than sales. As a result, total backlogs advanced to 51.2 billion dollars, 4.7 billion above February. Unfilled orders for the nondurable industries totaled 7.6 billions, or 60 percent of the rate of sales in March. March backlogs of durable goods industries rose to 47.7 billion dollars, almost 4 times the March rate of shipments. Most of the rise in order backlogs of durable goods producers occurred in the transportation equipment and combined machinery industries, reflecting for the most part larger defense orders.

About 60.0 million persons held civilian jobs in April, 200,000 fewer than in March but 1.3 million more than in April 1950. Farm employment was up seasonally during the month, but the rise was more than offset by a decline in nonfarm employment. Total employment in nonagricultural industries, estimated at 53.4 million persons, was off 400,000 from March but up 1.9 million from April 1950.

Fewer people were unemployed in April than in any month since October 1948. Total unemployment was estimated at 1.7 million, down 400,000 from the previous month and 1.8 million from April 1950. The drop in number unemployed from March reflected a decline in the civilian labor force rather than increased employment.

INCOME AND RELATED FACTORS

Personal income continued to rise in March, reaching a seasonally adjusted annual rate of 242.5 billion dollars. The March rate was 1.2 billion above the previous month and 23.2 billion above a year earlier. A further expansion in salary and wage receipts accounted for almost all of the increase, although dividends and personal interest were also slightly higher. Offsetting part of the rise in income from these sources, nonfarm proprietors' income declined from an annual rate of 25.8 billion in February to 25.3 billion in March, largely as a result of a drop in retail sales.

Salary and wage receipts were estimated at an annual rate of 160.4 billion dollars, 1.7 billion above February and 26.8 billion above March a year earlier. The rise from February was due almost entirely to expanding pay rolls in manufacturing and Government. Salaries and wages in private industries rose 21 billion dollars, or 18 percent, during the year ending March 1951 with salaries and wages in manufacturing accounting for almost half of the increase. About three-fourths of the rise in manufacturing occurred in the durable goods industries, particularly in primary and fabricated metal, machinery and transportation equipment, where employment had risen substantially from a year ago.

Daily average dollar sales at department stores in April picked up somewhat from March, after adjustment for seasonal factors and trading day differences. Partly responsible for the improvement in sales over March was the rather vigorous sales promotion of heavily stocked goods, such as apparel, and some homefurnishing items. The Federal Reserve Board's index of department store sales, seasonally adjusted, was 302 (1935-39=100) in April, 3.8 percent above March and 3.4 percent above April 1950. During March and April, the index averaged 4.6 percent higher than the average for the same months in 1950. But with prices of goods sold in department stores during this period averaging about 10 percent higher than a year ago, the daily volume of goods sold was about 5 percent lower than in March-April 1950.

Seasonally adjusted sales at all retail stores in April declined 3 percent from the previous month, extending the downtrend which began in February. All major store groups, except apparel and general merchandise, reported lower sales than in March. Total sales at durable goods stores were off 6 percent with declines ranging from a high of 9 percent for the homefurnishings group to 4 percent for the building materials and hardware group. Sales at nondurable goods stores were off 1 percent from March with drug stores and filling stations reporting the greatest declines--4 percent. Sales at food stores were down 2 percent from the previous month.

Consumer installment credit outstanding at the end of March was estimated at 13.0 billion dollars, 95 million below the previous month. The contraseasonal decline compares with drops of 203 million dollars for January and 182 million for February. From October 1950, when more restrictive credit controls were announced, to March 1951 installment indebtedness declined 409 million dollars. The decrease reflected lower sale credit for automobiles and other consumer durable items.

Noninstallment credit outstanding at the end of March, estimated at 6.4 billion dollars, was 66 million below February as a result of a drop in charge account indebtedness. The March drop occurred despite an early Easter and probably reflected repayments on debts incurred during the January buying wave. In January, charge account credit outstanding held at about the level of December 1950 instead of declining rather substantially as is usual for that time of year. During October 1950-March 1951, total noninstallment credit rose 386 million dollars.

Total consumer indebtedness, at the end of March, was estimated at 19.4 billion dollars, 161 million below February but 3.0 billion greater than in March 1950. From October 1950 to March 1951, total consumer indebtedness declined about 23 million dollars, the drop in installment outstandings more than offsetting the rise in noninstallment outstandings during that period.

COMMODITY PRICES

The general level of wholesale prices declined slightly in May. During the week ending May 22, the BLS weekly index of wholesale prices of all commodities was 0.7 percent below that of four weeks earlier. Farm product prices at wholesale registered the largest decline-- 2.1 percent--and accounted for most of the small drop in the over-all index. Average wholesale prices of foods and industrial commodities eased off slightly from four weeks earlier. Changes among the major industrial groups, except chemicals, were slight.

Table 1.- Group indexes of wholesale prices, week ended May 22, 1951 with comparisons

(1926=100)

Group	Week ended May 22, 1951	Week ended Apr. 24, 1951	Week ended June 27, 1950	Week ended May 23, 1950	Week ended May 22, 1951 Percentage change from: Week ended Apr. 24, 1951	Week ended June 27, 1950	Week ended May 23, 1950
All commodities	182.4	183.6	157.4	156.3	- .7	+ 15.9	+ 16.7
Farm products	198.2	202.4	165.4	165.6	- 2.1	+ 19.8	+ 19.7
Foods	187.5	188.0	162.4	160.6	- .3	+ 15.5	+ 16.7
All other than farm and food	171.1	171.7	149.2	147.9	- .3	+ 14.7	+ 15.7
Textile products	184.0	183.9	137.3	136.3	- .1	+ 34.0	+ 35.0
Fuel and lighting products	138.5	138.3	132.8	132.3	+ .1	+ 4.3	+ 4.7
Metals and products	189.5	189.6	171.9	170.1	- .1	+ 10.2	+ 11.4
Building materials	227.4	227.5	203.7	199.1	1/	+ 11.6	+ 14.2
Chemicals and allied products	142.2	144.0	114.5	116.1	- 1.2	+ 24.2	+ 22.5

Bureau of Labor Statistics.

1/ Less than 0.5 percent decrease.

In late May, average wholesale prices of all commodities combined were 15.9 percent above those immediately preceding Korea and 16.7 percent above a year earlier. Textiles, chemicals, and farm products scored the greatest gains from the pre-Korean period and from a year earlier. More moderate gains were registered by the other major groups for the same periods.

The BLS comprehensive monthly index of wholesale prices for April was 183.5 (1926=100), 0.3 percent below March and about the same as in February. Small declines in average wholesale prices of farm products and foods were largely responsible for the March-April drop. Average wholesale prices of industrial commodities were fractionally lower as prices of textile products and chemicals eased slightly.

Average prices received by farmers declined in May for the third consecutive month. The BAE index of prices received by farmers in mid-May was 305 (1910-14=100), 1 percent below mid-April and 3 percent below the record reached in February this year. Prices received for crops were down 1 percent from mid-April, reflecting a substantial decline in average prices of fruit and smaller drops in average prices of food grains, oilseeds, cotton and "other vegetables". Prices received for all livestock and livestock products averaged 1 percent lower than in mid-April, reflecting declines in prices received for wool, meat animals, and dairy products.

Table 2.- Group indexes of prices received by farmers, May 15, 1951 with comparisons

(1910-14=100)

Group	May 15, 1951	Apr. 15, 1951	May 15, 1950	May 15, 1951 Percentage change from Apr. 15, 1951	May 15, 1951 Percentage change from May 15, 1950
Food grains	244	247	230	- 1	+ 6
Feed grains and hay	223	222	190	1/	+ 17
Cotton	357	363	246	- 2	+ 45
Tobacco	438	438	387	0	+ 13
Oil-bearing crops	380	385	248	- 1	+ 53
Fruit	194	209	195	- 7	- 1
Truck crops	239	225	178	+ 6	+ 34
Other vegetables	174	178	189	- 2	- 8
All crops	271	275	223	- 1	+ 22
Meat animals	418	428	342	- 2	+ 22
Dairy products	270	273	230	- 1	+ 17
Poultry and eggs	221	215	154	+ 3	+ 44
Wool	596	635	302	- 6	+ 97
Livestock and products	335	340	269	- 1	+ 25
Crops and livestock and products	305	309	247	- 1	+ 23

1/ Less than 0.5 percent increase.

During the twelve months ending May 15, 1951 average prices received for all commodities combined advanced 23 percent. Prices received for crops rose 22 percent; those for livestock and livestock products, 25 percent. Gains since May 1950 were greatest for wool, oilseeds, and cotton. More moderate advances were registered by all other major groups, except fruit and "other vegetables". The latter were down from May a year earlier.

The BAE index of prices paid by farmers, including interest, taxes and wage rates was 282 (1910-14=100) in May, off fractionally from the previous month, but 11 percent above May a year earlier. The slight drop from mid-April largely reflected sharp declines in average prices paid for feeder livestock. Prices paid for food, clothing, household furniture, feed and farm machinery were slightly higher than in the previous month. With average prices farmers received dropping more than average prices they pay from mid-April to mid-May, the parity ratio (index of prices received by farmers divided by index of prices paid, including interest, taxes and wage rates) dropped 1 point to 108 compared with 98 in May 1950.

Average prices paid by urban consumers of moderate incomes showed only a fractional increase in April. The BLS index of consumer prices for that month was 184.6 (1935-39=100), compared with 184.5 in March and 168.7 in April 1950. Average prices paid for food were slightly lower than in the previous month with slight declines in prices of dairy products, eggs, and fruits and vegetables about offsetting a small rise in average prices paid for meats, poultry and fish combined. Rents continued to increase slightly; clothing prices also averaged somewhat higher than in the previous month. Average prices paid for all other groups of commodities and services showed little change.

FARM INCOME

Cash receipts from farm marketings in the first 5 months of 1951 are estimated at 10.9 billion dollars, 19 percent above the corresponding

period in 1950. Prices of farm products averaged 29 percent above the first 5 months of 1950, but marketings were lower. Prices farmers paid for commodities used in production during the first 5 months of 1951 averaged 13 percent higher than for the similar period last year.

Cash receipts from livestock and products in the 5-month period were approximately 7.9 billion dollars, 28 percent more than a year ago. Livestock prices averaged 30 percent above last year, but the volume of sales was a little smaller. Receipts from meat animals, dairy products, and poultry and eggs were all up from a year ago. Crop receipts were around 3.0 billion dollars, about the same as last year, but crop prices averaged 26 percent higher. Gains in receipts from cotton, soybeans, and truck crops were about offset by declines for wheat, corn, tobacco, and fruits.

Farmers received about 2.2 billion dollars from marketings in May, slightly more than in April and 18 percent above May 1950. Larger marketings were responsible for most of the gain over the previous month, but higher prices accounted for the increase over last year. Livestock receipts in May were about 1.7 billion dollars, 4 percent more than in April due to larger marketings. Higher average prices, however, for meat animals, dairy products and poultry and eggs, accounted for the increase of 22 percent over last May.

Crop receipts in May were about 0.5 billion dollars, nearly the same as in April but 5 percent above May 1950. A slight decline from April to May in average crop prices was nearly offset by larger marketings. The gain over last May was due to higher prices.

LIVESTOCK AND MEAT

The outlook is for a moderately larger output of meat in the rest of 1951 than in the same period of 1950. The big increase will be in pork. Pork production in May was about 10 percent larger than last year and may average 5 to 10 percent larger in remaining months. The June-December total output of beef may equal or exceed the total in the same months of 1950.

Dollars-and-cents ceilings were placed on retail and wholesale prices of beef effective by mid-May. Ceilings at retail were set up by cut grade, class of store, and area. They average about the same as market prices in April, with prices for some cuts higher and other lower. Grading of all meat except pork by Federal standards is now required.

Ceilings were placed on prices of live cattle effective with each packer's first accounting period beginning on or after May 20. There is no schedule of live cattle ceilings as such, but the over-all average of cattle prices is restricted by a maximum cost each slaughterer is allowed to pay for the cattle he kills. This maximum cost is computed by each slaughterer on the basis of the specified wholesale ceiling prices for his carcasses as they actually grade, weight, and dress out.

Prices for live cattle under this ceiling average about 10 percent less than April and about the same as in January. The reduction was intended to remove the squeeze on packers and distributors, whose margins narrowed after January 27 as wholesale and retail prices were nearly stationary while prices of cattle advanced.

Rollbacks in prices of beef and further rollbacks in prices of cattle are scheduled for August 1 and October 1. The combined reduction at retail is to be 9 cents a pound. Live cattle prices are to be reduced about proportionately, or to near those of last June.

Cattle slaughter was variable week by week during May but the total for the month showed about the usual seasonal gain over April. Prices moved lower then partly recovered their loss, and in late May were still a little above the ceiling that was about to go into effect.

Prices of hogs continued fairly steady in May. By late May hog slaughter had begun to recede seasonally. Slaughter will decline further this summer but will remain larger than last summer and some strengthening in prices is expected. Prices are likely to advance seasonally.

DAIRY PRODUCTS

In recent weeks wholesale price movements for dairy products have been varied. Butter rose about 4 cents a pound from mid-April to mid-May, mainly because output has continued well below a year earlier and demand has strengthened. Cheese markets steadied in May after prices declined in April. Although prices were close to USDA purchase price levels, sales to the Government under the support program consisted of only 4 carlots through May 8. Prices of canned milk continued steady. Prices of nonfat dry milk solids remained close to the purchase price level and small amounts were sold to the USDA. Prices of all manufactured dairy products were well above a year earlier. Prices for fluid milk were steady the past month, with retail prices in 24 cities in May showing a 13 percent gain over a year earlier.

Prices received by farmers for milk and butterfat in May were still below the minimum levels at which ceilings could be established. The milk-feed price ratio was slightly higher than in May 1950, while the butter-fat-feed price ratio was about the same. Prices for both products continue low relative to meat animal prices.

With butter production continuing considerably under that of a year earlier, civilian consumption per person is expected to be about equal to the record low of 10 pounds reached in 1948. Fluid milk consumption will be greater than in 1950 and ice cream consumption is turning upward after a 4-year decline. Increases in the two items largely reflect the sharp rise in consumer income. With more milk going into these uses butter output declined. Consumption of other manufactured products will be about the same as in 1950.

Cash receipts from dairying this year will rise above the 3.8 billion dollars of both 1949 and 1950 and may exceed the record 1948 total of 4.4 billion dollars. However, higher costs may offset much of the expected rise in cash receipts from the sale of dairy products.

Any gain in cash receipts over 1948 would result from larger production. Prices farmers receive for milk and butterfat in 1951 will average lower than in 1948 though well above 1950. The milk flow this year will be almost as great as the 120.6 billion pounds produced last year, even though the annual rate of milk output thus far has been below the high level of the same period of 1950. However, it has been well above the rate in the latter part of last year. Much of the decrease from last year has been due to less favorable weather, which in many areas retarded early dairy pastures somewhat through much of April.

POULTRY AND EGGS

The average of 45.2 cents per dozen received by farmers for eggs in mid-May was 53 percent higher than a year earlier. Since egg prices have risen more than prices of feed, the egg-feed price ratio is more favorable to producers than last spring. In most years, such a change in the ratio results in an increase in the number of chickens raised for laying flock replacement. So far this year, reports indicate a 5 percent increase in the number of young chickens on farms. This suggests an increase both in the number of chickens raised this year and in the number of potential layers January 1, 1952.

Demand for immediate consumption by civilians and the Armed Forces has been so great this spring that prices have been substantially higher than last year. As a result, fewer eggs have moved into storage. In addition, fewer early pullets were started this year than last and the supply of early eggs from this source will not be as large as a year earlier. Consequently, the seasonal reduction in supplies this fall may be greater than usual and prices are not likely to decline as early as usual from the fall peak. Supplies available for consumption probably will be below those of a year earlier. Even though egg production has been below last year, supplies in retail channels have been running above a year ago.

The average price received by farmers for eggs in mid-May was 98 percent of parity. The parity computation for eggs in coming months will be adjusted to compensate for the usual seasonal upward trend in prices.

Despite large marketings of broilers from specialized enterprises and seasonally increasing sales of farm-produced chickens, average chicken prices declined only slightly from the month before. At 28.9 cents per pound (live), the average price received by farmers in mid-May was 93 percent of parity. Recent broiler marketings have been at record levels and this is expected to continue for several weeks. Consequently, producer prices may remain relatively low for the next few months at least.

FATS AND OILS

Prices of most major fats and oils declined in May. For the first time since specific ceilings were placed on soybean and cottonseed oils, prices for these oils dropped below their ceiling. Prices for corn and peanut oils have dropped sharply in the last month. The weakness in prices of edible vegetable oils probably indicates some drawing upon inventories of end products (such as shortening, and cooking and salad oils) accumulated in unreported positions during 1950. Butter prices increased, reflecting a continued lower production compared with a year earlier and stronger demand.

Prices of coconut oil and copra have declined substantially since mid-March. Philippine production in 1950 of coconut products was 22 percent larger than in 1949 and only 10 percent below the record 1947 level. A further increase is expected in 1951. United States imports of coconut oil and the oil equivalent of copra in January-March 1951 totaled 234 million pounds, 50 percent above a year earlier.

Prices of drying oils, such as linseed, tung and dehydrated castor, also tended downward. Supplies of linseed oil appear to be ample and, as in the case of food products, end-users may be meeting current needs to some extent out of inventories. Prices of tung and castor oils since last summer have increased much more sharply than have those for linseed oil. Prices of inedible tallow and greases also weakened slightly in late May.

The index number of wholesale prices of the 26 major fats and oils, excluding butter, in May was about 230 (1935-39=100) compared with 245 in April, 251 in February, the peak since the outbreak of hostilities in Korea, and 157 in May 1950.

Supplies of edible vegetable oils during the rest of the 1950-51 marketing year may be about the same as a year earlier. Stocks of these oils on April 1, totaled 594 million pounds, 26 million more than the year before. Production of edible vegetable oils (including the oil equivalent of soybeans and peanuts exported for crushing) in April-September may be at least as large as the 1,707 million pounds produced a year earlier. This includes oil from the 1951 cottonseed crop that may be crushed prior to October 1. As disappearance of these oils probably will be no larger than a year earlier, stocks on October 1 will be at least as large as the 280 million pounds on the same date last year.

CORN AND OTHER FEEDS

In recent months, market prices of feed grains and many of the by-product feeds have receded a little from the high level reached in February and March following the sharp increase from last fall. Prices of feed grains in mid-May were 19 percent higher than a year earlier, and are currently higher in relation to high-protein feeds than during the past 2 feeding seasons. Prices of most of the high-protein feeds have increased much less than feed grain prices during the past year. Some protein feeds, particularly distillers' dried grains and gluten feeds, were lower in April and May than a year earlier, reflecting current large supplies.

The underlying demand for feed continues strong, with more livestock on farms and livestock-product prices substantially higher than in early 1950. Prospects for 1951 feed crops during the next several months will have an important influence on feed prices although Government supports and the level of price ceilings that may be established could limit the extent of changes. In May, prices received by farmers for corn averaged 6 percent below parity, the legal minimum for price ceilings. The price of oats was 9 percent below barley 15 percent, and sorghum grains 25 percent below.

The total sales of corn by farmers from the 1950 crop are estimated at 774 million bushels, 20 percent smaller than in 1949. This year, however, little corn is going into the Government price support program, and practically all the sales are going into regular market channels. Receipts of corn at primary markets totaled 266 million bushels during October-April, 45 million bushels more than a year earlier. A large quantity of corn was in commercial storage and other off-farm positions in April, including over 400 million bushels owned by CCC. Sales of oats, barley, and sorghum grains were all substantially larger in 1950-51 than a year earlier.

Exports of feed grains during October-March totaled 3.4 million tons, about a million tons more than in that period of 1949-50, with much larger exports of barley and sorghum grains. Exports may be reduced somewhat later in 1951, depending on prospects for our crops and feed grain production in other surplus producing countries. The 1951 Argentine corn crop is tentatively estimated at about 160 million bushels compared with only 33 million bushels in 1950.

Wet weather this spring has retarded the preparation of fields and planting of feed grains over wide areas of the Mid-west. In the South-west, unfavorable weather also has caused heavy abandonment of winter wheat and poor conditions for oats and barley. These developments may result in some shifts to corn and sorghum grains, depending on weather at the planting time of these crops.

Based on May 1 indications, the hay supply for 1951-52 will total about 120 million tons, slightly smaller than in 1950-51, but above the long-term average in relation to the prospective number of livestock to be fed.

WHEAT

Average wheat prices declined from late April, reflecting improvement in moisture conditions and the likelihood that market supplies for the remainder of the marketing year will be plentiful. Prices received by growers for wheat on May 15 averaged $2.11 per bushel, 3 cents below a month earlier. This is 30 cents below parity--the legal minimum ceiling level of $2.41 and below the probable support level for the 1951 crop. The seasonal decline in average prices to a new crop basis this year will be checked by a reduced early movement of winter wheat and by purchases for export after the new International Agreement Program covering exports for the year beginning August 1 is announced in June.

The national average support price for the 1951 crop will be 90 percent of the parity price at the beginning of the 1951-52 marketing year on July 1. If the parity price July 1 should be the same as on May 15, the support price would be $2.17 per bushel. Although the support level will be higher than last season, no allowance for farm storage or warehouse storage charges will be available to producers who deliver loan wheat from the 1951 crop to CCC.

Prospective supplies of CCC wheat (wheat owned on April 30 plus likely deliveries under the loan program, less May-June exports) indicate that about half of the estimated 390 million-bushel carry-over on July 1, 1951 would be owned by CCC.

Current prospects indicate a wheat crop smaller than domestic requirements plus prospective exports. On May 1 the 1951 winter wheat crop was indicated at 682 million bushels. The first estimate of the spring crop will be issued June 11. On the basis of a spring crop of 309 million bushels (intended acres this March times 5-year average yields), production of all wheat would total about 990 million bushels. If stocks on July 1, 1951 turn out to be 390 million bushels, supplies would total about 1,380 million bushels. Supplies of domestic wheat of this size have been exceeded in only 7 years.

From these supplies domestic consumption of United States-grown wheat is expected to be about 730 million bushels. The quantity to be exported in 1951-52 is uncertain but if 350 million is exported, (the same as expected for 1950-51), the carry-over July 1, 1952 would be about 300 million bushels, compared with the prewar (1932-41) average of 235 million and an estimated 390 million on July 1, 1951. With a large portion of the 1950 wheat crop in Canada damaged by frost, significant quantities of feeding-grade wheat will be available for import to augment our domestic supply.

As a result of a protracted period of wet and unseasonable cold weather in Europe this spring, seeding of spring wheat has been curtailed in some countries and growth of winter wheat delayed. Accordingly, crops entered the growing period under less favorable conditions than a year ago, and a favorable season will be necessary if the outturn of wheat is to approach the 1950 level.

The acreage in Canada intended for all wheat (spring and winter) in 1951 is placed at 26.0 million acres, about 4 percent below last year's level of 27.0 million. While this year's indicated acreage is well below the record 28.7 million in 1940 it is, however, above both the 10-year (1941-50) average of 23.4 million acres and the five-year (1946-50) average of 25.4 million. Intended wheat seedings in the Prairie Provinces are placed at 24.9 million acres, down by 0.9 million from 1950. With moisture conditions generally good to excellent, the outlook for wheat in Canada is generally quite favorable.

FRUIT

Grower prices for most fruits in June probably will average somewhat lower than prices in June 1950 because of continuing large supplies. But prices for some 1951-crop deciduous fruits, such as apricots and sweet cherries, which will reach the market in volume in July, may average higher than 1950 prices, as a result of smaller production and stronger demand.

Movement of Florida Valencia oranges to packers of frozen concentrate became heavy in late April and continued large during May. However, total U. S. supplies of oranges remaining to be marketed after June 1 were slightly larger than corresponding supplies a year earlier. For this reason, grower prices for oranges in June and July probably will continue lower than in these months of 1950. For similar reasons, grower prices for grapefruit and lemons also are likely to continue under 1950 prices.

Grower prices for 1950-crop apples are expected to be about the same in June as in May and will continue considerably under those of the same months of 1950 because of abnormally heavy stocks. On April 30, 1951, cold-storage holdings of apples were about twice the near-average stocks of a year earlier. Nearly 2.4 million bushels of the 1950 crop moved under the export-aid program and 2.9 million bushels under the surplus-removal program, the latter through School Lunch and institutional feeding outlets.

During June supplies of fresh peaches will come mostly from the 10 Southern early peach States. The 1951 crop from these States is expected to be about 3 times the short 1950 crop but near the average for 1940-49. In July, when market movement of peaches from these States and California will be heavy, grower prices probably will not average as high as 1950 prices. In California, May 1 prospects were for a crop of plums considerably larger than the near-average 1950 crop. But the outlook was for smaller crops of cherries and especially apricots.

The late spring crop of strawberries, which will be marketed mostly in June, is expected to be a little larger than comparable 1950 production. Much of the late-spring crop, as usual, is expected to go to freezers. Cold-storage holdings of frozen strawberries on April 30, 1951 were more than 4 times the small stocks a year earlier and over twice the 1946-50 average for April 30. Mainly because of large cold-storage holdings and increased production grower prices for strawberries in June may not average quite as high as 1950 prices. Because of the heavy increase in production in the mid-spring States, the total 1951 crop of commercial strawberries is expected to be about 14 percent larger than the big 1950 crop.

COMMERCIAL TRUCK CROPS

For Fresh Market

In June and July, the prices received by farmers for commercial truck crops sold fresh are expected to fall somewhat more rapidly than usual for this time of the year. Development of crops intended for spring harvest has been delayed by weather but these crops probably will now mature rapidly, and marketing may be heavy late in these months. Prospective production of spring cantaloups, celery, and green peppers is as large or larger than last year, and far above the 10-year average. Production of spring spinach is moderately larger than last year but only about average. Crops of asparagus and tomatoes for late-spring harvest are expected to be considerably larger than last year, though not greatly different from average. Prices of all the foregoing crops probably will average somewhat lower in June this year than in the same month last year.

Sharply smaller fresh market supplies than last spring are indicated for the following crops: lima beans, carrots, eggplant, Honey Ball melons, shallots, late-spring snap beans, cauliflower, and green peas. Each of these 8 crops, however, are of minor tonnage significance in the spring total.

For Commercial Processing

Commercial processors and growers apparently are going ahead with plans for increased production this year substantially in accord with the Department's "guides" issued early this year. In general, it is requiring higher contract prices this year to get the increased acreage desired.

Sharp increases are expected in acreages of sweet corn and tomatoes for processing and cucumbers for pickling, and smaller increases in snap beans, green peas and lima beans. Acreages of 5 other vegetables for processing remain about the same as in 1950.

Retail prices of most canned vegetables now in distribution channels are moderately higher than a year earlier. Prices for the 1951 packs probably will show some increase reflecting in part the processors' increased costs. However, if production is as large as desired, price increases from present levels will be moderate.

POTATOES AND SWEETPOTATOES

Prices received by farmers for 1951 crop early potatoes sold during June and July are expected to average higher than a year earlier because of much smaller--though still adequate--supplies of potatoes grown and harvested this spring than last. Whether or not prices for potatoes will fall as rapidly as usual for this time of the year will depend to a considerable extent upon how shipments to market are spread out over the next several weeks.

If farmers plant the acreage of potatoes for later harvest indicated by their March reports of intentions to plant, there is a fair chance that total potato supplies this year will be reasonably well adjusted to demand and that prices received by farmers for potatoes will be at least moderately higher this year than last. Intentions indicated about a 15 percent reduction in acreage. A larger reduction would be needed in the size of the crop, to avoid production of surplus potatoes. The 1950 crop was nearly 440 million bushels, of which the Government already has removed nearly 100 million bushels for price support and surplus diversion.

Marketing orders and agreements which will be operating this year in several important Surplus Late States will help growers control the grades and sizes of potatoes marketed, thereby tending to improve the average quality of potatoes marketed.

Remaining supplies of 1950 crop sweetpotatoes are expected to move at prices near those of last year. Farmers' intentions in March indicated the likelihood of a sharp reduction in acreage planted to sweetpotatoes this year compared with last. Such an acreage reduction is fairly certain to result in a substantial drop in production from last year's crop. In this event, growers probably will get higher average prices for the 1951 sweetpotato crop than for the 1950 crop.

COTTON

Mill consumption of cotton is expected to continue high through the rest of the 1950-51 season, but at a somewhat lower level than the near record for February and March. Although the large inventories of manufacturers and department stores indicate some slackening in demand from civilian consumers, this will probably be partially offset by increased demand for heavier type fabrics for military and industrial purposes. The average daily rate of mill consumption of cotton in April declined sharply from the high March level due partially to work stoppages in some Southern textile mills.

Mill consumption for all of the current season (August 1950-July 1951) probably will amount to about 10.760 million bales. This is higher than any other season except 1941-42 and 1942-43 when the United States consumed more than 11 million bales. The estimate for the current season is based on a projection of the average daily rate of consumption during the first 9 months of the season, 41.9 thousand bales, with an allowance for the usual seasonal declines in June and July.

Exports of U. S. cotton are expected to total about 4.2 million bales. Total disappearance for the season (mill consumption plus exports) is expected to be about 15 million bales. Since the total supply is estimated at 16.9 million bales (carry-over on August 1, 1950 plus ginnings, and imports, the carry-over at the end of the current season probably will be about 1.9 million bales. Most of this probably will be owned by cotton mills. At the beginning of May, cotton on hand at mills amounted to nearly one half of all the cotton in the country.

The daily ten-market average price for Middling 15/16 inch cotton in mixed lots ranged from 45.14 to 45.25 cents per pound in April and May. From March 8 to April 23 this price was 45.14 cents per pound. On April 24, the Atlanta committee raised the quotation for Middling 15/16 inch from 45.56 to 46.69 cents per pound. On May 10 the Little Rock committee lowered the quotation for the same quality from 44.87 to 44.65 cents per pound.

Changes in the price of cotton can have very little effect on farmers' income from the 1950 crop during the remainder of the season because farmers had sold 99.6 percent of their cotton crop by the end of April.

WOOL

The decline in wool prices in foreign markets, which began in the Australian and South African markets at the post-Easter auctions and ranged from 20 to 35 percent, depending on grade, staple, etc., was halted during the third week in May. During that week, prices advanced 5 to 10 percent.

The trend of prices at Boston for both domestic and imported wools has been similar to that of prices in foreign markets. Australian 64s. 70s good topmaking wool declined from $3.25 per pound, clean basis, American yield, in bond at Boston, for the week ending April 13, to $2.85 for the week ending May 18. Prior to the decline, the price of this wool had reached a peak of $3.65 for the week ending March 16. The price of domestic fine staple territory wool declined from $3.30 per pound, clean basis, for the week ending April 13, to $3.10 for the week ending May 18. Prior to the decline, the price of such wool had been quoted at a peak of $3.80 at mid-March.

The decline in prices abroad has been reflected in price received by domestic growers in recent months. Prices received by growers for shorn wool averaged 119 cents per pound, grease basis, a record high, at mid-March, 113 cents at mid-April, and 106 cents at mid-May.

Ceiling Price Regulation 35, which was issued by the Office of Price Stabilization on May 9, established dollars-and-cents ceiling prices for sales by sellers, other than growers, of greasy wool, original bag mohair, and mohair matchings, and for all sales of scoured wool, wool top, wool noils, mohair top, mohair noils, alpaca fleece, alpaca top, and alpaca noils. The regulation, however, does not apply to sales or deliveries under military contracts or subcontracts exempt by Supplementary Regulation 1, as amended, to the General Ceiling Price Regulation, or to sales or deliveries covered by Ceiling Price Regulation 20. CPR 20 fixed the ceiling prices at which exchange standard wool and wool top covered by futures contracts may be traded at $3.535 per pound for wool futures and $4.265 per pound for wool top futures. Amendment 1 to CPR 20, issued on May 22, reduced the ceiling prices for exchange standard wool and wool top to $3.220 per pound for wool futures and to $3.895 for wool top futures.

Domestic woolen and worsted mills consumed 70 million pounds of apparel wool, scoured basis, during the first two months of this year. The average weekly rate of consumption during this period was about 6 percent less than that for the same period of last year. During the same months, mills consumed 30 million pounds, scoured basis, of carpet (duty-free imported) wool. The weekly rate of carpet wool consumption was about 14 percent lower than that for the same months of 1950. The decline reflects, for the most part, the increased substitution of rayon for wool in the manufacture of floor covering due to the greater increase in the price of wool than in the price of rayon.

Imports for consumption of dutiable (apparel) wool during the first three months of this year totaled 85 million pounds, clean basis, or 135 million pounds, actual weight. On a clean basis, this was about 15 million pounds more than the quantity of apparel wool imported during the same months of last year. Imports of duty-free (carpet) wool, however, amounted to only 31 million pounds, clean basis, about 39 million pounds less than the quantity imported during January-March 1950.

TOBACCO

The 1950 crop of Maryland is now being marketed and average prices for practically all grades have been higher than in the period of last season. However, the larger percentage of lower quality offerings thus far this season has tended to hold down the general average. The average price for auction sales of about 8.5 million pounds during May was 50.8 cents per pound compared with 48.7 cents in May last year. The price support is 48.6 cents per pound compared with the 41.8 cent loan level last season. The 1950 crop is estimated at 40 million pounds, and manufacturers' and dealers' stocks on April 1 were 46.7 million pounds--up more than one-fifth from those on April 1, 1950. The 1951 acreage may be 4 percent larger than 1950. Most Maryland tobacco is used in the manufacture of cigarettes in this country, but exports usually account for roughly 20 to 25 percent of total annual disappearance.

Cigarette manufacture in the fiscal year ending June 30 is estimated at about 410 billion--26 billion above that in 1949-50. This will be a new record.

The 1951 crops of flue-cured and Burley, also used principally in cigarettes, are expected to be larger than last year's and the price support levels will be higher. Carry-over of flue-cured will probably be about 4 percent larger at the outset of the 1951-52 marketing year, but for Burley is expected to be down approximately 5 percent.

The 1951 price supports applicable to other types also will be above the 1950 loan levels. The 1951-52 supplies--production plus carry-over--of fire-cured and dark air-cured may be a little lower than in 1950-51, but the supplies of cigar tobacco will be as high or higher because of larger carry-overs.

Cigar consumption in the fiscal year ending June 30 is estimated at about 5,650--3 percent above that in 1949-50. Tax-paid withdrawals of manufactured tobacco (smoking and chewing) during July 1950-April 1951 totaled 156 million pounds--4 percent lower than in the same period of 1949-50.. Snuff consumption in January-April 1951 has been higher than in the same period a year earlier but for the fiscal year as a whole will probably just about equal the 41 million pounds in 1949-50.

Exports of unmanufactured tobacco from the United States during July 1950-March 1951 totaled 391 million pounds (declared weight)--a little above those in the same period of 1949-50. For the fiscal year as a whole. tobacco exports will probably be a little below the 481 million pounds shipped in 1949-50. The exports to the Philippine Republic were unusually large in the final quarter of the 1949-50 fiscal year.

TORQUAY TARIFF AND TRADE NEGOTIATIONS END

Results of the Conference on Tariffs and Trade, convened by the United Nations at Torquay, England, were made public on May 9. Tariffs on numerous agricultural products of importance in United States foreign trade were the subject of negotiations between 34 countries at the Conference. Although the new tariff rates negotiated at Torquay were published May 9, they will not go into effect until June 6 or 30 days after signature of the Torquay Protocol by the negotiating country, whichever is later. About 70 percent of the United States tariff concessions on agricultural products will become effective on June 6, 1951.

Exports of U. S. agricultural products on which improved tariff treatment was obtained from other countries at Torquay were valued at $584 million in 1949 or 16 percent of the total United States agricultural exports of $3,600 million. On the other hand, imports of agricultural products on which tariff concessions were granted to other countries by the United States, were valued at $102 million, 3-1/2 percent of the total of $2,900 million in 1949.

Among the commodity groups on which other countries granted tariff concessions to the United States were grains, fruits, fats and oils, meats, tobacco, cotton and dairy products. Tariff concessions were granted by the United States on tobacco, fruits, fruit products, horticultural products, cotton, sugar, dairy products, and miscellaneous items covering a wide commodity area.

In estimating the effect of the above the other tariff concessions by foreign countries on U. S. agricultural exports many factors must be taken into consideration. Our agricultural exports are not only limited by foreign tariffs but are also limited by quantitative restrictions on imports set up by foreign countries and by controls by foreign Governments of the number of dollars their citizens are permitted to use for the purchase of U. S. agricultural products.